## **NOUSAKU Corporation**

Report by Hugh Patrick
Center on Japanese Economy and Business
Columbia Business School, Columbia University

NOUSAKU Corporation is a metal casting company with advanced technology using bronze, brass, and tin to make elegant, upscale, design-driven products for display and use. These include tea sets, flower vases, bowls, Buddhist altar fittings, lawn decorations, exterior products, decorative lighting, and 100 percent tin tableware. In 2008 it was listed by the Ministry of Economy Trade and Industry (METI) as one of the Top-300 Small/Medium Manufacturing Companies in Japan.

The company is located in Takaoka City, near Toyama City. This area was part of the Kaga clan's domains during the Edo period. The Kaga were patrons of the arts and handicrafts, so that between 1609 and 1611, seven "imoji" (metalworkers) were stationed at what is now the Kanaya-machi part of Takaoka. Thus began the tradition that NOUSAKU carries on into the 21st century.

Begun by the Nousaku family in 1916 to manufacture Buddhist alter fittings, tea sets, and vases through bronze casting, over time it developed the wider range of products it produces today. In 2001 the company developed a wind bell that has been produced since 2002, and which was selected in 2004 for inclusion in the Japan Design Committee Collection. In 2008 its wind bells were showcased by the New York Museum of Modern Art (MOMA). There are currently over 50 varieties of wind bell in the product line. The biggest shift came with the 2003 launch of production of 100% pure tin products, primarily tableware.

Indicative of the appeal of the company's creations, at the small display center at the company's headquarters and factory, I saw a small bowl. Gold covered inside and made of 100% tin with gold leaf inside, it had silver outside and its beauty radiated. I had to have it, so I bought it. It is now on display in the foyer of my home.

Since 2003, growth has been explosive; sales have increased 13 times in the past 13 years. NOUSAKU currently produces more than 400 products, and is continuously innovating. For example, it offers a stand for iPhones. The company contracts mainly with 22 designers, and in total uses about 50; each receives a 3 percent royalty on sales of their designs. One designer has earned ¥7 million in royalties on one of his creations.

NOUSAKU headquarters has 85 full-time regular workers, of whom 65 are metalworkers, and 20 are office workers. In addition it has 40 part-time employees and 60 employees working in the Nousaku shops.

The production process involves a variety of casting methods including green sand casting, self-hardening casting, lost wax casting, and silicone casting, a technique that NOUSAKU developed. The company prides itself on expressing complex, precise detailing. Thus, once solidified, the cast items are individually subject to very careful final shaping and polishing by master craftsman. A process that requires significant artistic judgment and skill, it is a traditional, skilled-labor-intensive craft.

In 2003 NOUSAKU became the first company in the world to produce 100% tin products, initially for sake cups and tea cups. Because tin is a very good heat conductor, the company notes that its pure tin beer cup is ideal; beer quickly becomes cold in the refrigerator. Tin is malleable, becomes molten at a lower temperature than brass, does not rust, and has a lustrous surface. Tin products are very profitable and now comprise most of the company's sales. Building on its expertise with metals and casting, in 2014 NOUSAKU obtained a license for medical device manufacturing. Since tin is a highly anti-bacterial material, it can be used for surgical equipment. Moreover, since it is malleable, it can be shaped around the arms and legs to immobilize them in cases of fractures.

Tin has been a major metal throughout human history, although rarely in its pure form. Rather, it was combined with copper to give us the Bronze Age. In Roman times in what is now the United Kingdom, pewter appeared. Used principally for tableware, it is tin mixed with small amounts of other metals such as copper, lead or antimony to make it harder and more durable. More recently, it has coated steel to provide tin cans and tin roofs. These last have given the metal a somewhat down-market image.

NOUSAKU receives more orders than it can handle, so it outsources some production to 10 or so other tin-using producers in Japan. CEO Katsuji Nousaku indicated the family has good relations with those companies but has no equity in them, and does not plan to invest in them.

Until 2003 all NOUSAKU's sales were through wholesalers. It had no direct sales outlets, nor a catalog. As it developed new products, it gradually began to sell directly to customers, initially in Toyama. In 2007 NOUSAKU held an exhibition in Tokyo, was certified by METI as an "important local resource company", and won the METI regional award in the "Japanese souvenir context category" (though few of its products are simple souvenirs). Its KAGO pure tin flexible square, designed in 2008 by Rina Ono, won a gold prize in 2016. Available in in four sizes (the largest is 400 mm), it can be shaped in many ways as a sculpture or as a container.

In 2009 the company opened a retail-sales outlet in Mitsukoshi's flagship department store in Nihonbashi, Tokyo. This was followed in 2011 by an outlet in the Matsuya Ginza department store, also in Tokyo. Subsequently the company has opened directly managed shops in other stores in Tokyo, Nagoya, Osaka, Kobe, and Fukuoka. Now only 5 percent of its products are sold through wholesalers. Its products are also available online. Internationally, NOUSAKU has an overseas retail network that covers China, Taiwan, Hong Kong, Singapore, Australia, New Zealand, France, Israel, and the United States.

NOUSAKU does not intend to become publicly listed. Mr. Nousaku worries that if the company were listed, stockholders would insist it terminate its unprofitable brass production operations. However, the company's history is embedded in brass, brass products are impressive, and Mr. Nousaku said the company has a philosophy to "preserve and innovate tradition," meaning that the company follows its ancestral heritage while seeking new challenging opportunities. This includes continuing to make brass products.

In recent generations the Nousaku family has only had daughters. Mr. Nousaku's father-in-law had married into the family and taken the family name. They had only one daughter, who Mr. Nousaku married and took the family name. Before his marriage and entering the family business, he was a photographer for a newspaper. He said initially he had no knowledge of metal casting, so he had no particular pre-existing points of view. Mr. Nousaku has three daughters. One is married, working in the company, as is her husband. She will become the next President. Mr. Nousaku explained that, since the company has become quite well-known, it will be appropriate to have a blood member of the family as the next president when he retires.

## Acknowledgment

On November 10, 2016 I visited the family company NOUSAKU Corporation. The visit was arranged by Hirofumi Maki of the Development Bank of Japan (DBJ), who accompanied me. We had an excellent meeting with President and CEO Katsuji Nousaku. Ms. Chiho Minami, my interpreter, also participated.

NOUSAKU maintains a web site in English that includes a catalog of the company's products: http://www.nousaku.co.jp/main/en/company-en/.